

**TOWN OF CROSS HILL MUNICIPAL COURT  
CROSS HILL, SOUTH CAROLINA**

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**State Auditor's Report on Applying  
Agreed-Upon Procedures  
March 31, 2007**

**TOWN OF CROSS HILL MUNICIPAL COURT  
CROSS HILL, SOUTH CAROLINA**

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# *State of South Carolina*



## *Office of the State Auditor*

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RICHARD H. GILBERT, JR., CPA  
DEPUTY STATE AUDITOR

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November 20, 2007

The Honorable Mark Sanford, Governor  
State of South Carolina  
Columbia, South Carolina

The Honorable Anita Moore, Clerk of Court  
Town of Cross Hill  
Cross Hill, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Cross Hill Municipal Court System for the period April 1, 2006 through March 31 2007, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA  
Deputy State Auditor

RHGjr/trb

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Independent Accountants' Report

Richard H. Gilbert, Jr., CPA  
Deputy State Auditor  
Office of the State Auditor  
Columbia, South Carolina

We have performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor solely to assist these users in evaluating the performance of the Town of Cross Hill Municipal Court System and to assist the South Carolina Office of the State Auditor in complying with the 2006 - 2007 General Appropriations Act (H. 4810) Section 72.80. Anita Moore, Clerk of Court for the Town of Cross Hill, is responsible for compliance with the requirements for the Municipal Court reporting and the South Carolina Office of the State Auditor is responsible for compliance with the requirements of the 2006 - 2007 General Appropriations Act (H. 4810) Section 72.80. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**1. TIMELY REPORTING BY THE CLERK OF COURT**

- We researched South Carolina Code of Laws Section 14-25-85 to determine the definition of timely reporting with respect to the Clerk of Court's responsibility for reporting fines, fees and assessments to the Municipal Treasurer.
- We inquired of the South Carolina Judicial Department to determine their requirements for both the manner in which partial pay fines and fees are to be allocated and the timing of the report and remittance submissions by the Clerk and the Treasurer.
- We inquired of the Clerk of Court and Municipal Treasurer to gain an understanding of their policy for ensuring timely reporting and to determine how the treasurer specifically documents timeliness.

We inspected documentation, including the Clerk of Court Remittance Forms or equivalents for the months of April 1, 2006 to March 31, 2007 to determine if the Clerk of Court submitted the reports to the municipal treasurer in accordance with the law.

Our finding is reported under "TIMELY REPORTING BY THE CLERK OF COURT" in the Accountants' Comments section of this report.

## **2. TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN**

- We traced each month's reporting by the Clerk of Court to the Municipal Treasurer's Office and to the Town's general ledger accounts for the assessments (Sections 14-1-208(A), (B) and (D)) and victim assistance surcharge (Section 14-1-211) for the period April 1, 2006 – March 31, 2007.
- We compared the amounts reported on the Clerk of Court Remittance Forms or equivalents to the Clerk of Court's software system-generated report summaries for three judgmentally determined test months. We tested the system-generated reports for compliance with various laws including Section 35.11 of the General Appropriations Act for the fiscal year 2006 – 2007 and with South Carolina Judicial Department training instructions and interpretations.
- We judgmentally selected and compared individual fine and assessment amounts recorded in the Clerk of Court's software system-generated detail reports to the Judicial Department guidelines range for the offense code to see if the fine and assessment were within the minimum and maximum range.

Our findings are reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN" in the Accountants' Comments section of this report.

## **3. PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING**

- We inquired as to the format determined by Town council and local policy for record keeping as it relates to fines and assessments in accordance with Section 14-1-208(E)(4).
- We compared the fiscal year-ended June 30, 2006 audited Victim Assistance Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges of the audited financial statement to the beginning fund balance as adjusted in that fund for fiscal year 2007.
- We judgmentally selected a sample of Victim Assistance Fund reimbursable expenditures and verified that these expenditures were in compliance with Section 14-1-208(D) and Section 14-1-211(B).

Our finding is reported under "PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING" in the Accountants' Comments section of this report.

#### 4. TIMELY ACCURATE REPORTING TO THE STATE TREASURER

- We vouched the amounts reported in the South Carolina State Treasurer's Revenue Remittance Forms to Clerk of Court Remittance Forms or equivalents for the period April 1, 2006 to March 31, 2007.
- We scanned the South Carolina State Treasurer's Revenue Remittance Forms for timely filing in accordance with Section 14-1-208(B).
- We traced amounts recorded in the Town's financial statement Schedule of Fines, Assessments and Surcharges of the year ended June 30, 2006 report related to fines and assessments revenues reporting in accordance with Section 14-1-208(E) to supporting schedules used in the audit to comply with Section 14-1-208(E).
- We traced and agreed amounts in the supporting schedules to the Clerk of Court Remittance Forms or South Carolina State Treasurer's Revenue Remittance Forms.

Our findings are reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER" in the Accountants' Comments section of this report.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with the collection and distribution of court generated revenue at any level of court for the twelve months ended March 31, 2007 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, Chairmen of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Cross Hill Town Council, Town clerk of court, Town treasurer, State Treasurer, State Office of Victim Assistance, Chief Justice and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.



October 10, 2007

**ACCOUNTANTS' COMMENTS**

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**SECTION A - VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS**

Management of the entity is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations. The procedures agreed to by the entity require that we plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

The conditions described in this section have been identified as violations of State Laws, Rules or Regulations.



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**TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN**

**ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES**

**CONDITION:** The Municipal Court Judge did not adhere to the Judicial Department minimum/maximum fine guidelines included in the laws during the procedures period.

**CRITERIA:** Judicial Department Guidelines for Fines – Minimums and Maximums. These guidelines are obtained from the minimum and maximum fines recorded in the respective laws.

**CAUSE:** The Judge did not use the most recent copy of the Judicial Department's fine guidelines or may have receipted and posted excess payments as fines revenue.

**EFFECT:** By assessing more than the maximum fine as required in the legislation, or receipting excess collections as fine revenue, the Town is violating the law.

**AUDITORS' RECOMMENDATION:** We recommend that the Municipal Court Judge comply with the fine guidelines.

**INCONSISTENTLY APPLYING SURCHARGES AND ASSESSMENTS**

**CONDITION:** The judge's court software did not consistently apply surcharges and assessments to fines.

**CRITERIA:** South Carolina Code of Laws Sections 14-1-208 (A) states "...The assessment is based upon that portion of the fine that is not suspended, and assessments must not be waived, reduced, or suspended." Also, General Appropriation Act Proviso 73.2 states "...a twenty-five dollar surcharge is also levied on all fines,...in...municipal court for misdemeanor traffic offenses or for nontraffic violations. No portion of the surcharge may be waived, reduced, or suspended."

**CAUSE:** The software may need to be updated or the violations may have been incorrectly coded in the system.

**EFFECT:** Some violations were not properly assessed and posted to the court software and therefore reports used by the town clerk to determine the amounts due to the State and Victim Assistance were inaccurate.

**AUDITORS' RECOMMENDATION:** The Judge should maintain upgrades on the court software and make sure that all violations are coded correctly when they are entered into the system. The town clerk should determine which violations were not assessed correctly and make the necessary adjustments to the monthly reports submitted to the State and for Victim Assistance funds.

**PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING**

**LACK OF VICTIM ASSISTANCE ACCOUNTING**

**CONDITION:** The Town is not properly accounting for and allocating court fines to the Victim Assistance program.

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**CRITERIA:** South Carolina Code of Laws Section 14-1-208 (B) states "The city treasurer must remit 12 percent of the revenue generated by the assessment imposed in subsection (A) to the municipality to be used for the purposes set forth in subsection (D)...." and South Carolina Code of Laws Section 14-1-208 (D) states "These funds must be appropriated for the exclusive purpose of providing victim services... All unused funds must be carried forward from year to year and used exclusively for the provision of services for victims of crime. All unused funds must be separately identified...."

**CAUSE:** Court money collected is retained by the Town and recorded in the general fund. It is recorded as fine revenue in the Town's general ledger.

**EFFECT:** Because there has been no separate accounting for Victim Assistance, the Town has not complied with the law.

**AUDITORS' RECOMMENDATION:** The Town must develop and implement procedures to prospectively comply with the identification of Victim Assistance funds. The Town should obtain from the extant records the information it needs to retroactively account for Victim Assistance funds and properly segregate and identify those funds levied for the exclusive purpose of providing Victim Services. The Town should develop and implement a policy whereby they can comply with State law.

#### **TIMELY ACCURATE REPORTING TO THE STATE TREASURER**

##### **TIMELY FILING**

**CONDITION:** All twelve of the State Treasurer's Remittance Reports for the procedures period April 1, 2006 through March 31, 2007 were not filed timely. No reports were filed during the procedures period.

**CRITERIA:** South Carolina Code of Laws Section 14-1-208 "The Town treasurer must remit ... on a monthly basis by the fifteenth day of each month...."

**CAUSE:** The Judge collects the fine revenue and remits it to the Town monthly. He also provides the Town with a collection report. The Town simply files the report and deposits the fine revenue into their General Fund. A misunderstanding of duties between the Town and the Judge caused the reports to not be submitted to the State.

**EFFECT:** The Town did not comply with the timely filing requirement.

**AUDITORS' RECOMMENDATION:** The Town should develop and immediately implement procedures to correct the deficiency. The Town should stay current in their reporting prospectively while bringing reports in arrears up to date. The Town should comply with the mandated deadline.

##### **REQUIRED SUPPLEMENTAL SCHEDULE OF FINES AND ASSESSMENTS**

**CONDITION:** The required supplemental schedule of fines and assessments was not available for testing.

**CRITERIA:** South Carolina Code of Laws Section 14-1-208(E) states "To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected ... the annual independent external audit ... must include ...a supplementary schedule detailing all fines and assessments collected ...."

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**CAUSE:** The Town has not had a financial audit since June 30, 2000. Because there has been no audit of the financial statements, no supplemental schedule of fines and assessments has been prepared and submitted as required by State law.

**EFFECT:** The Town has not complied with the law related to annual audits or the required schedule of fines and assessments.

**AUDITORS' RECOMMENDATION:** We recommend the Town prepare a schedule that meets the requirements of Section 14-1-208(E) (a) through (f) and have it audited annually in accordance with the requirement.

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**SECTION B – OTHER WEAKNESSES**

The conditions described in this section have been identified while performing the agreed-upon procedures but are not considered violations of State Laws, Rules or Regulations.

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**TIMELY REPORTING BY THE CLERK OF COURT**

**NOT DOCUMENTING TIMELINESS**

**CONDITION:** We could not determine if the Judge submitted his reports to the town clerk on a timely basis.

**CRITERIA:** South Carolina Code of Laws Sections 14-1-208 (A) states "...This assessment must be paid to the municipal clerk of court and deposited with the city treasurer for remittance to the State Treasurer...." Section 14-1-208(B) states further "The Town treasurer must remit ... on a monthly basis by the fifteenth day of each month...."

**CAUSE:** The town clerk does not date stamp the judge's reports when they are received.

**EFFECT:** It is unclear if the judge was timely in submitting his reports.

**AUDITORS' RECOMMENDATION:** The Town Clerk should use date stamping or some other means of documenting timeliness.

Town of Cross Hill  
P.O.Box 337  
Cross Hill, South Carolina 29332

December 16, 2007

The following is in response to the audit performed on Town of Cross Hill Municipal Court, by Cline Brandt Kochenower & Co., P. A.

There was a misunderstanding between the clerk for the Town of Cross Hill and the newly hired judge of who was responsible for sending monies to the State Treasurer.

I met with Rhonda Bird of Cline Brandt Kochenower & Co., P. A. on October 10, 2007 and once I understood the responsibilities of the town, I immediately, contacted Paige Parsons of the State Treasurer's Office and explained the situation and she informed me that the Town should go back 3 years and work up the fines to determine the amount of fines owed to the State and the amount that should be in the Victim Assistance Fund.

It was determined the Town of Cross Hill owed the State the following:

2005 - \$1,910.47

2006 - \$1,295.48

2007 - \$12,586.16 for a total of \$15,586.16

The check was sent to the State Treasurer Office the week of October 15, 2007

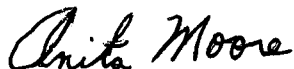
Also, it was determined that during those three years the amount in the Victims Fund was \$1,526.16. The town has contacted the Laurens County's Victims Office coordinator Joel Turner and he does not see any problem with Cross Hill sending their monies to the County. We are in the process of setting up this process with the County Treasurer.

The Town is also using the post office date stamp to log the reports being sent from the Judge which will show how often reports are sent to town.

The Town is in the process of getting records ready for auditor and once this audit is complete, the Town of Cross Hill will comply with state law with a yearly audit

At this point, Town of Cross Hill is current with the State Treasurer's Office, receipts from the Judge, and accounting for the amount due to the Victims Assistance Fund.

Sincerely,



Anita Moore  
Cross Hill Town Clerk